



TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

September 12, 1985

RECEIVED

SEP 16 1985

DIVISION OF OIL
GAS & MINING

State of Utah
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

Re: BMG Federal #8
Section 7-T16S-R26E
Grand County, Utah

Gentlemen:

Enclosed please find three copies of our Application for Permit to Drill for the above referenced well and one copy of the Drilling and Surface Use Plan for your convenience. Please keep all information regarding this well CONFIDENTIAL.

If you have any questions please contact me at this office.

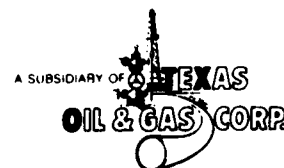
Very truly yours,

TXO PRODUCTION CORP.

Terry L. Blankenship
Environmental Scientist

TLB/gbp

Enclosures



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☒

2. NAME OF OPERATOR
TXO Production Corp. Attn: Terry L. Blankenship

3. ADDRESS OF OPERATOR

1800 Lincoln Center Bldg., Denver, CO 80264 (303) 861-4248

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface

1955' FSL, 1908' FWL Section 7-T16S-R26E NE/SW

At proposed prod. zone

1980' FNL, 1320' FWL Section 7-T16S-R26E SW/NW

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 16.5 miles northwest of Mack, Colorado.

DIVISION OF OIL
GAS & MINING

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

1908'

16. NO. OF ACRES IN LEASE
2 240

17. NO. OF ACRES ASSIGNED
TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2500'

19. PROPOSED DEPTH
5530' TVD

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6529' GR

22. APPROX. DATE WORK WILL START*

Oct. 1, 1985

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	36.0#	300' MD	150 sacks
8 3/4"	7"	20.0#	2200' MD	150 sacks
6 1/4"	4 1/2"	10.5#	5790' MD	150 sacks

TXO Production Corp. proposes to directionally drill the subject well using an angle building rate of 2°/100' in accordance with the following table:

	TVD	Deviation	Angle	MD
Kickoff Depth	500'	0.0	0°	500'
Angle Established	1447'	161'	19.2°	1465'
Initial Objective	5180'	1468'	19.2°	5420'
Total Depth	5530'	1590'	19.2°	5790'

The initial target (Dakota Sands) is located 1980' FNL and 1320' FWL of Section 7 (1468' N23.61°W of the staked surface location) and is planned with a 300' target radius to comply with the applicable State spacing regulations.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Ronald E. Dashner
Ronald E. Dashner

TITLE Dist. Drilling & Prod'n Mgr.

DATE September 11, 1985

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

APPROVED BY

TITLE

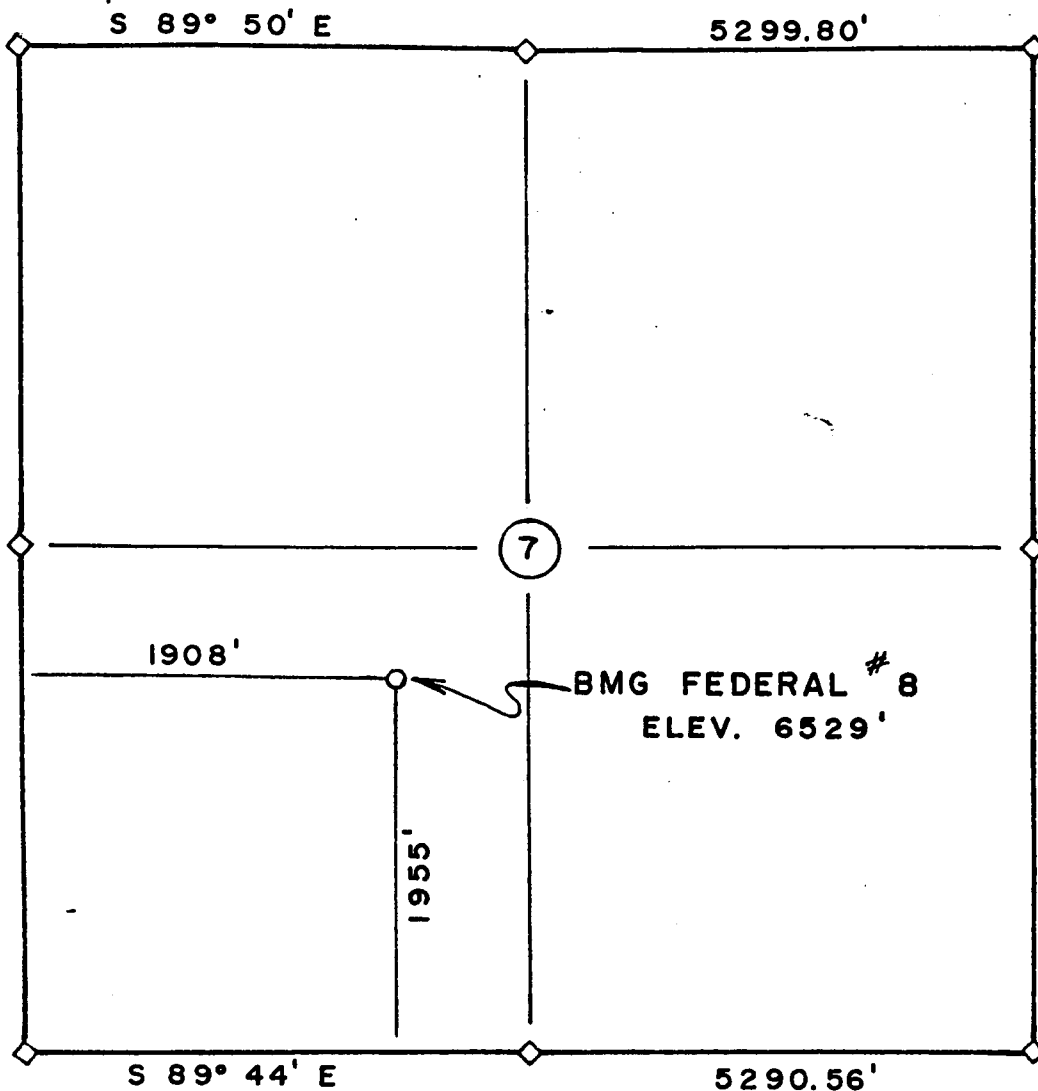
DATE: 9/23/85

BY: John R. Dyer

WELL SPACING: Change No 107-1

*See Instructions On Reverse Side

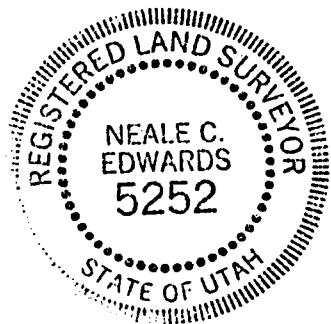
SEC. 7, T 16 S, R 26 E, OF THE SLB P.M.



REFERENCE DOCUMENTS

1926 GLO PLAT

JIM CANYON CO-UT
QUADRANGLE, USGS



SURVEYOR'S CERTIFICATE

I, NEALE C. EDWARDS A REGISTERED LAND SURVEYOR
IN THE STATE OF UTAH DO HEREBY CERTIFY THAT
THIS SURVEY WAS MADE UNDER MY DIRECT SUPERVISION
AND THAT THIS PLAT REPRESENTS SAID SURVEY.

Neale C. Edwards
L.S. NO 5252

DATE: 9-6-85

THIS WELL LOCATION PLAT WAS PREPARED
FOR TXO PRODUCTION CORP. AS
REQUESTED BY TERRY BLANKENSHIP
1955' F.S.L. & 1908' F.W.L.
IN THE NE 1/4 SW 1/4, OF SECTION 7,
T. 16 S. R. 26 E. OF THE SLB PM,
GRAND COUNTY, UTAH

NCE SURVEYS

364 C.R. 216
DURANGO, COLO.
81301
(303) 247-2342

DRILLING PLAN

RECEIVED

SEP 16 1985

DATE: September 12, 1985

WELL NAME: BMG Federal #8

SURFACE LOCATION: 1955' FSL, 1908' FWL, Section 7-T16S-R26E
Grand County, Utah

BOTTOMHOLE LOCATION: 1980' FNL, 1320' FWL Section 7-T16S-R26E
Grand County, Utah

FEDERAL OIL & GAS LEASE NO.: U-05015-A

TXO Production Corp. is covered by Nationwide Bond No. 679 F 434 A.

I. DRILLING PROGRAM

1. SURFACE FORMATION: Tuscher

2. ESTIMATED FORMATION TOPS:

Mancos	1975'	
Mancos "B"	2410'	
Dakota Silt	5180'	Depths give are true vertical depths (TVD)
Morrison	5300'	
Total Depth	5530'	

3. ESTIMATED DEPTH AT WHICH OIL, GAS, WATER OR OTHER MINERAL BEARING ZONES ARE EXPECTED TO BE ENCOUNTERED:

Expected Gas/Water Zones: Mancos "B"
Dakota Silt
Morrison

Water may be encountered in the Mesa Verde Formation.

4. DIRECTIONAL DRILL PROGRAM

As indicated on Form 3160-3, TXO Production Corp. proposes to directionally drill the subject well. Major depths and angles are listed below:

	TVD	Deviation	Angle	MD
Kickoff depth	500'	0.0'	0.0°	500'
Angle established	1447'	161'	19.2°	1465'
Initial objective	5180'	1468'	19.2°	5420'
Total depth	5530'	1590'	19.2°	5790'

During kickoff, an angle building rate of 2°/100' will be employed with surveys to be taken as required by hole conditions. When a total angle of 19.2° from vertical is established, the angle will be held to the proposed TD of 5530' (TVD). The bottomhole target (Mancos) is located 1980' FNL, 1320' FWL of Section 7 and is planned with a 300' target radius. Again, surveys through this stage of the hole will be dictated by hole conditions.

5. PRESSURE CONTROL EQUIPMENT:

- A. After surface casing is set, a double ram-type blowout preventer with blind rams and pipe rams, with minimum working pressure of 2000 psi (greater than the anticipated bottomhole pressure of 1100 psi), will be installed. See Exhibit 1.
- B. A choke control, fill and kill lines with minimum working pressure of 2000 psi will be installed.
- C. A rotating pack-off head will be installed above the blowout preventer to control flow while drilling with air.
- D. The equipment in A and B will be pressure-tested to 2000 psi before drilling surface pipe cement, and the blowout preventer will be tested for operations daily and during trips.

6. CASING PROGRAM AS PER FORM 3160-3.

7. MUD PROGRAM:

0-300	Air, or air mist.
300'-2200'	Air, or air mist.
2200'-5790'	Air, or air mist.

8. CORING, LOGGING, TESTING PROGRAM:

- A. No coring is anticipated.
- B. Logging program will consist of: DIL-GR from TD to surface pipe and FDC-SNP-GR-CAL from TD to 2000' above TD; if logged wet, FDC-CNL-GR-CAL from TD to 2000' above TD.
- C. No testing is anticipated.

9. ABNORMAL CONDITIONS

- A. No abnormal pressures or temperatures are expected.
- B. No hazardous gases such as H₂S are expected.

- C. While drilling with gas or air, return fluids will be directed through the blow line to the reserve pit. All open fires or ignition sources will be prohibited on location while gas or air drilling. A pilot flame will be maintained at the end of the blow line (located 125' from the wellhead) to insure burning of return gases that are combustible.

10. AUXILIARY EQUIPMENT

- A. A kelly cock will be used.
- B. A float valve will be run in the drill string above the bit.
- C. A sub with full opening valve will be kept on the derrick floor to stab into DP when kelly is not in use.

11. COMPLETION:

Start location construction	October 1, 1985
Spud date	October 10, 1985
Complete drilling	October 30, 1985
Completed, ready for pipeline	November 10, 1985

A completion rig will replace the drill rig for this phase of the proposed program should the well prove to have commercial potential. Productive zones will be perforated, tested and treated as necessary. Gas will be flared during testing, and any produced water will be contained in the drilling reserve pit. The extent of treatment of a zone, such as acidizing and/or fracing, can only be determined after the zone has been tested. A full completion program will be furnished, if required, after drilling and logging.

II. SURFACE USE PROGRAM

1. EXISTING ROADS

- A. Route and distance from nearest town or locatable reference point to where proposed access route leaves main road: From Mack, Colorado proceed west 2.3 miles on State Highway 6 & 50 to Eight Road in Colorado. Turn right on Eight Road and proceed north 2.7 miles. Turn left, remaining on pavement, and proceed west 3.0 miles to a curve. Continue to follow the well-traveled and maintained road northwest for 3.1 miles to a fork. Take the left fork and proceed 3.1 miles to a fork. Take the right fork (left fork continues up Jim Canyon) and proceed up Prairie Canyon 1.8 miles to a fork. Take the left fork and proceed up Cottonwood Canyon for 1.6 miles to the Moxa Federal #1 well site. From this point the road proceeds out of the canyon bottom for 1.3 miles to the location of the BMG Federal #2, #3, #4. Continue on the existing road to the BMG #6. The pad to the BMG #8 is approximately 1600' further in a northwesterly direction.
- B. Access route to location color coded in red and labeled. Refer to Exhibit 2.
- C. For development well, all existing roads within one mile color coded in yellow. Refer to Exhibit 3.
- D. Plans for improvement and maintenance of existing roads: The existing roads should not require any upgrading. During wet periods some maintenance may be necessary to allow passage by drilling rigs and well servicing vehicles. Dry periods may necessitate watering the road to control dust.

2. PLANNED ACCESS ROAD

The access road will be approximately 1600 feet further than the existing access road for the BMG Federal #6. The road will be 18-20 feet wide with grades of 0 to 4 percent. The road will require cuts ranging from 5 to 20 feet and will be constructed with inside bar ditches and water bars to allow for proper drainage. The use of culverts will be determined during construction and no gates or cattleguards will be needed. See Exhibit 4.

3. LOCATION OF EXISTING WELLS

Exhibit 5 is a one-mile radius locating and identifying the following:

- A. Water Wells-None
- B. Injection Wells-None
- C. Abandoned Wells-None

- D. Disposal Wells-None
- E. Producing Wells-TXO BMG Federal #2 Sec. 8-T16S-R26E
TXO BMG Federal #3 Sec. 18-T16S-R26E
TXO BMG Federal #5 Sec. 7-T16S-R26E
- F. Drilling Wells-None
- G. Shut-in Wells - TXO BMG Federal #6 Sec. 7-T16S-R26E
- H. Injection Wells-None

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. On-well pad production facilities, if well is successfully completed for production.

- 1. Proposed facilities and attendant lines in relation to the well pad. Refer to Exhibit 6.
- 2. Dimensions of facilities: Refer to Exhibit 6.
- 3. The production facilities will include a production pit, a production unit, and dehydrator. It is anticipated that the meter run and dehydrator will be owned, installed, and maintained by the gas purchaser. The anticipated location of these facilities is shown on Exhibit 6. The pit will contain all water production and be built in accordance with NTL-2B IV.4. specifications of disposal of less than five barrels of produced water per day. In the event the volume of produced water exceeds 5 BWPD, TXO will investigate alternate disposal methods and obtain approval as required by NTL-2B.

- B. Off-well pad production facilities

No off-well pad production facilities are anticipated.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Location and type of water supply: Water will be obtained from West Salt Wash in Colorado.
- B. Method of transporting water: The water will be hauled in trucks by a certified water hauler along the route shown in green on Exhibit 2.
- C. If water well is to be drilled, so state: No water well is contemplated.

6. SOURCES OF CONSTRUCTION MATERIAL

- A. Show information either on map or by written description: It is anticipated that cuts on location will furnish sufficient quantities of materials to construct a level location. Topsoil will be stockpiled on the south end of the pad for later use during rehabilitation on the disturbed areas. Excess excavated material will be stockpiled for use during rehabilitation.
- B. Identify if from Federal or Indian land: The affected land is Federal and under the management of the Bureau of Land Management.

7. METHODS OF HANDLING WASTE DISPOSAL

- A. Cuttings will be contained and disposed of in the reserve pit.
- B. Drilling fluids will be contained and disposed of in the reserve pit. While drilling with air or gas, a dust arresting system will be installed on the blow line.
- C. Produced fracing fluids will be directed to the reserve pit for evaporation.
- D. Sewage: A portable chemical toilet will be on location during operations.
- E. Garbage and other trash will be placed in a trash bin and removed to a sanitary landfill upon completion.
- F. Protective Devices: The flare pit (if necessary) will be fenced and flagged to protect animals. The drilling reserve pit will be fenced on three sides during drilling, and on the fourth side prior to the rig moving off location. If any oil is in the reserve pit, it will be removed and overhead flagging will be installed.
- G. Statement regarding proper cleanup when rig moves out: When the rig moves out, all trash and refuse will be removed from the location and hauled to a sanitary landfill. All pits will be filled after drying and the area restored as under Item 10 of this plan.

8. ANCILLARY FACILITIES

Identify all proposed camps and airstrips on a map as to their location, area required and construction methods: None planned.

9. WELL SITE LAYOUT ATTACHMENT AND PROPOSED RIG LAYOUT

- A. Cross section of drill pad with cuts and fills: Refer to Exhibit 7a and 7b.
- B. Location of mud tank, reserve pit, trash bin, pipe racks and other facilities: Refer to Exhibit 7c.

- C. Statement regarding pit lining: Reserve pit will be unlined. However, if the sub-surface structure is too porous or is highly fractured, a 1 to 2 inch layer of bentonite or a commercial plastic liner will be placed in the pit to prevent excessive seepage and groundwater contamination.

10. PLANS FOR RESTORATION OF SURFACE

- A. Backfilling, leveling, contouring, and waste disposal: Upon completion of the well, the site will be cleared of all debris and the mouse and rat holes filled. The reserve pit will be allowed to dry by evaporation and then will be backfilled. Cuttings, drilling muds, and similar spent chemicals directed to the reserve pit pursuant to Item 7 above will be buried as the pit is backfilled. Disturbed areas of the pad not needed for production facilities will be graded to an appearance consistent with the natural contours. These areas will then be covered with topsoil, disked and reseeded with a seed mixture recommended by the BLM. If the well is not commercially productive, the entire pad will be reclaimed as described above.
- B. In the event the well is not commercially productive, that portion of the access road requested by BLM to be rehabilitated will be recontoured, covered with topsoil, disked and reseeded with the BLM-recommended seed mixture. Shrubby plants removed during road construction will be scattered randomly along the road to provide a natural appearance, control erosion and enhance seed production.
- C. Timetable for commencement and completion of rehabilitation operations: Rehabilitation will commence when drilling operations are completed, approximately October 30, 1985 and will be completed within approximately one year. It is anticipated that seeding of the recontoured pad would be performed in the fall following pit backfill and recontouring operations.

11. SURFACE OWNERSHIP

The access road and the well pad are on lands administered by the BLM.

12. OTHER INFORMATION

General description of:

- A. Topography, soil characteristics, geologic features, flora, fauna: The well site is located on moderately sloped ground. The soil in the area consists of a silty loam. Vegetation accounts for approximately 60 percent of the ground cover and is comprised of pinon pine, juniper, big sage brush, oak brush, and native grasses. Animals inhabiting the area include deer, small mammals, and birds.
- B. Other surface use activities include: oil and gas production and livestock grazing.

- C. Proximity of water, occupied dwellings, archeological, historical or cultural sites: There are no live streams in the immediate area. An archeological survey will be conducted for the road and pad, if necessary.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVES AND CERTIFICATION

- A. Name, address and phone number of the lessee's or operator's field representative who is responsible for assuring compliance with the approved surface use and operations plan.

R.E. Dashner
District Drilling and Production Manager
TXO Production Corp.
1800 Lincoln Center Bldg.
1660 Lincoln Street
Denver, Colorado 80264
(303) 861-4246 - Business
(303) 690-5658 - Residence

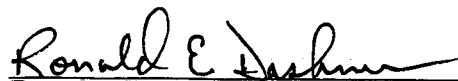
Comments regarding the content of this plan or arrangements for an on-site inspection should be directed to:

Terry Blankenship
Environmental Scientist
TXO Production Corp.
1800 Lincoln Center Building
1660 Lincoln Street
Denver, Colorado 80264
(303) 861-4246 - Business
(303) 420-3028 - Residence

- B. I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by TXO Production Corp. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: September 12, 1985

NAME AND TITLE:


Ronald E. Dashner
District Drilling and Production Manager

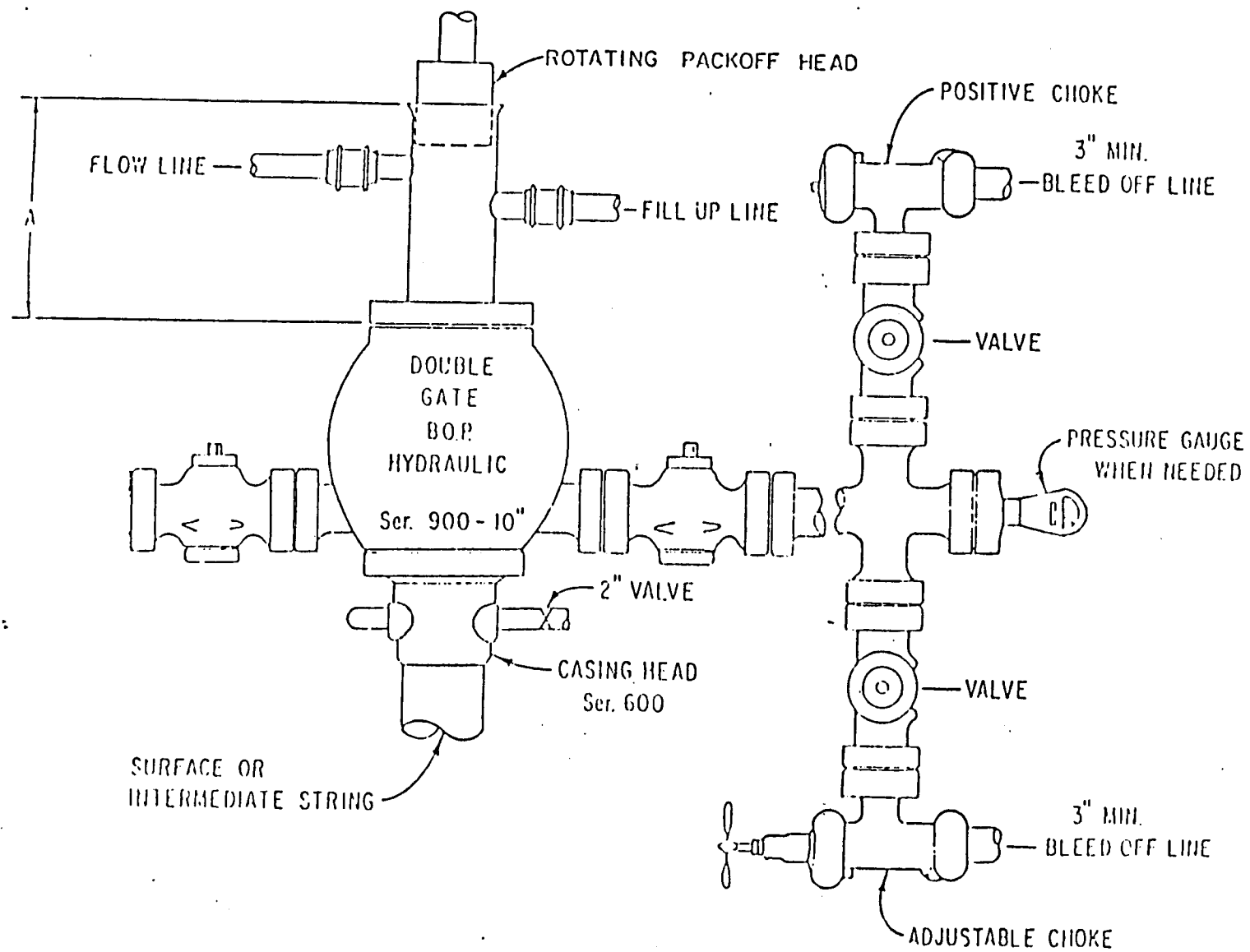
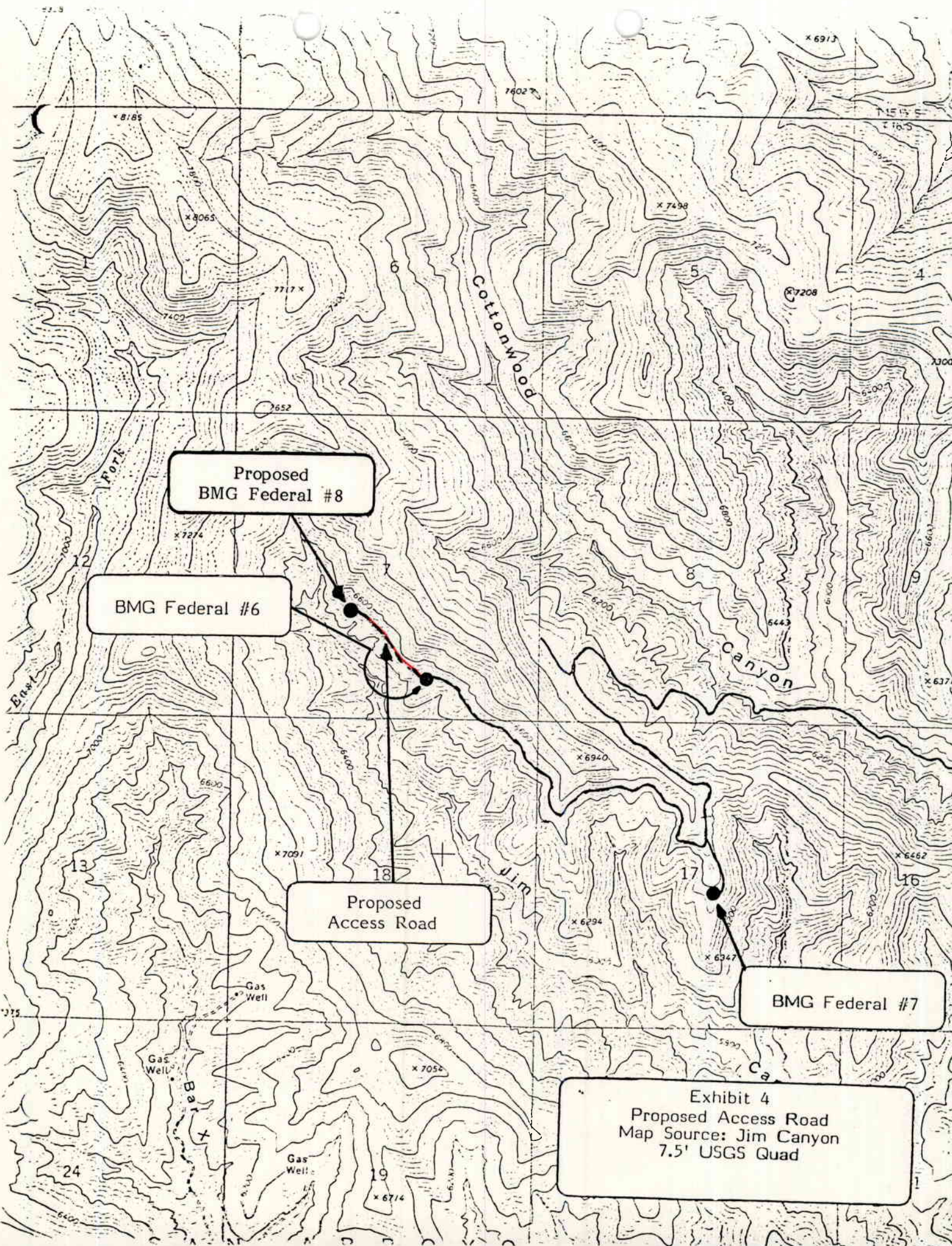


EXHIBIT I
 BLOWOUT PREVENTER DIAGRAM



Proposed
BMG Federal #8

BMG Federal #6

Proposed
Access Road

BMG Federal #7

Exhibit 4
Proposed Access Road
Map Source: Jim Canyon
7.5' USGS Quad

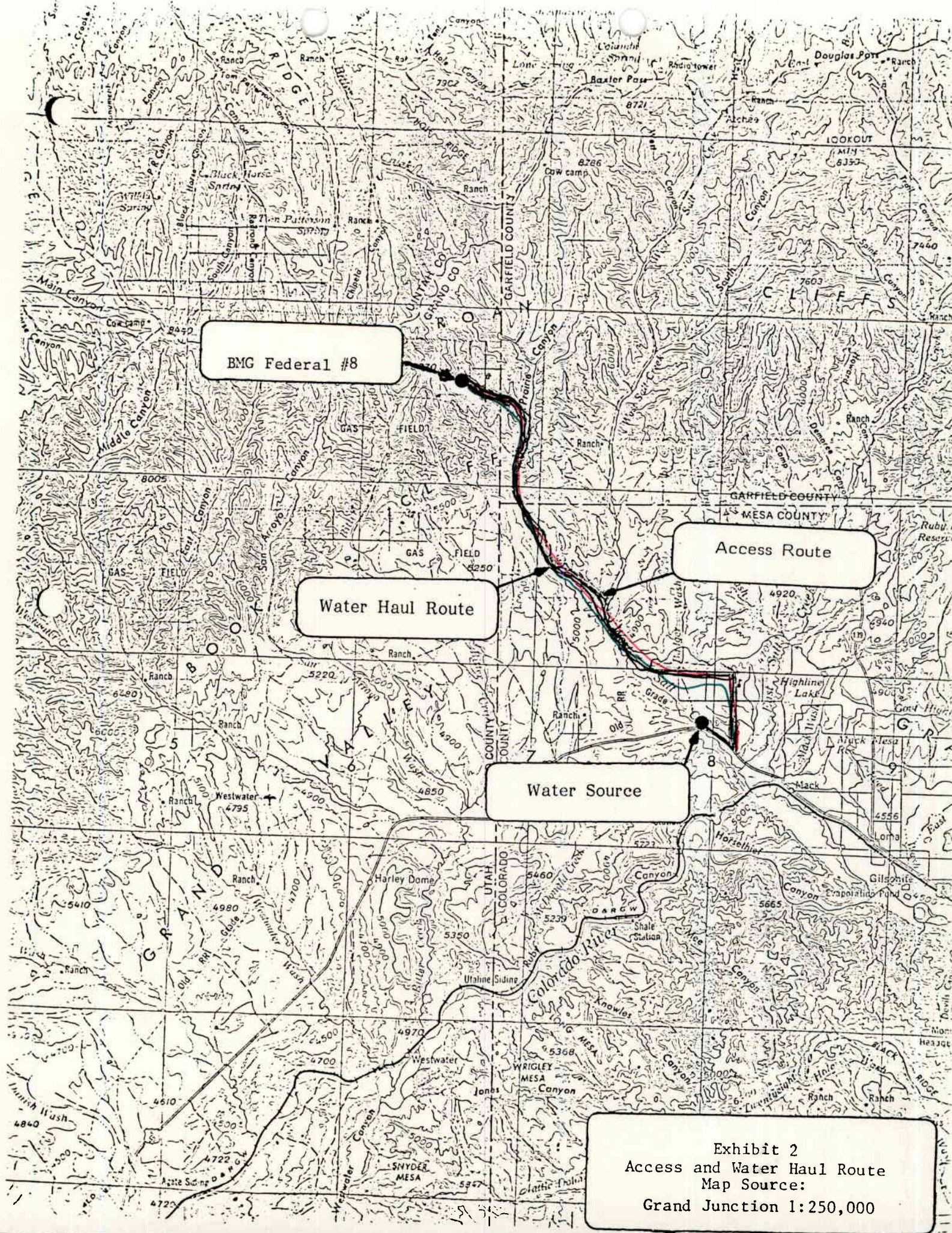
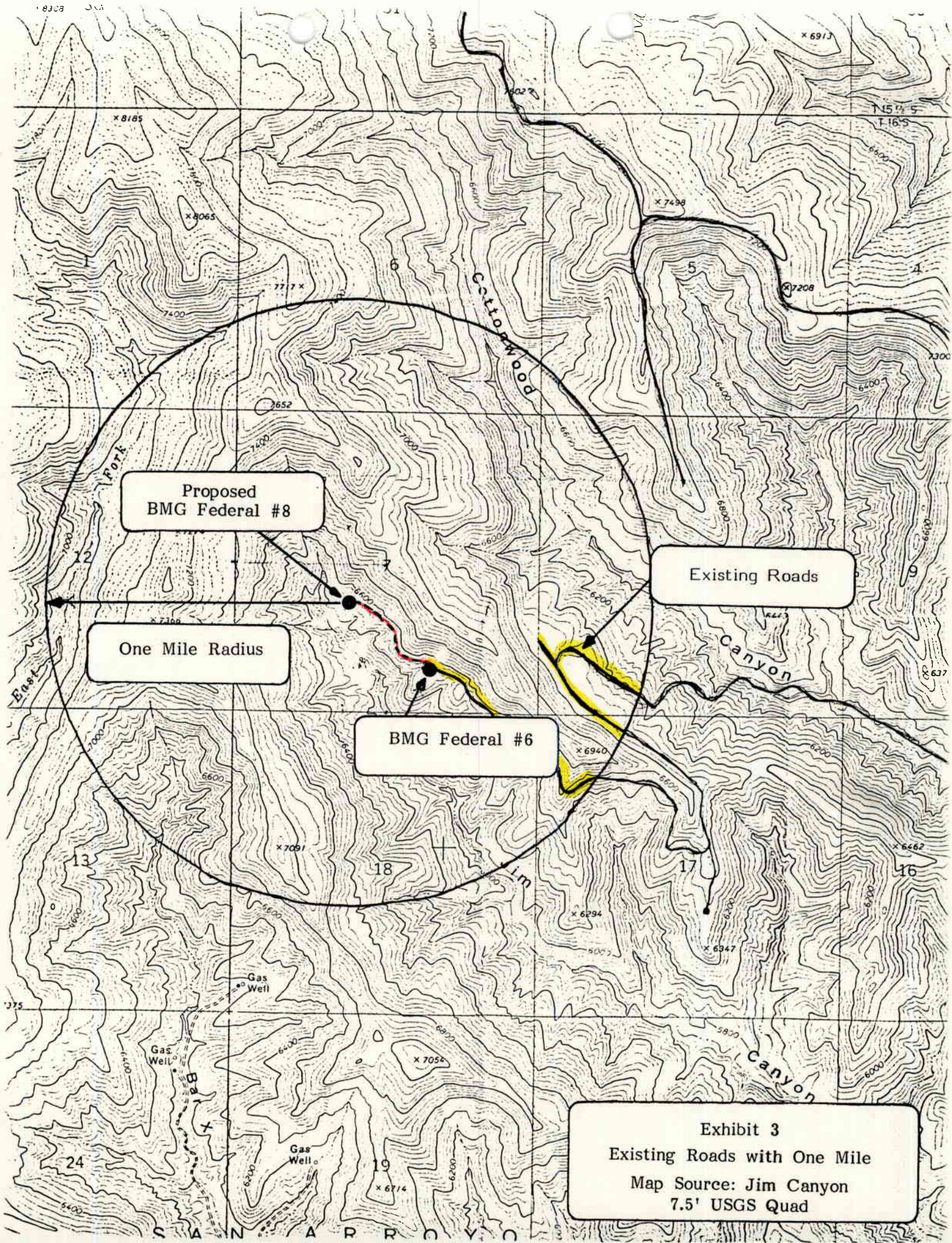


Exhibit 2
Access and Water Haul Route
Map Source:
Grand Junction 1:250,000



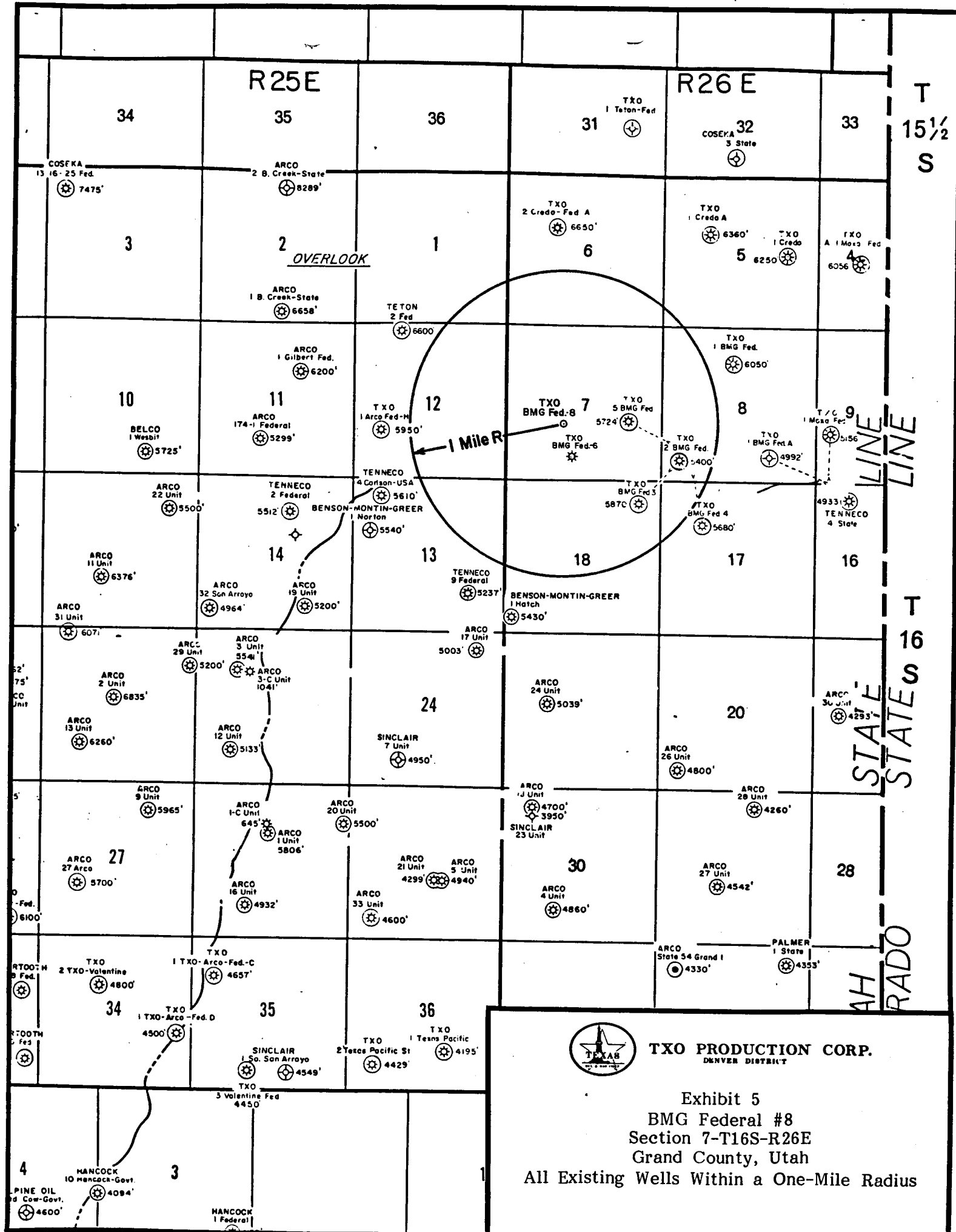
Proposed
BMG Federal #8

One Mile Radius

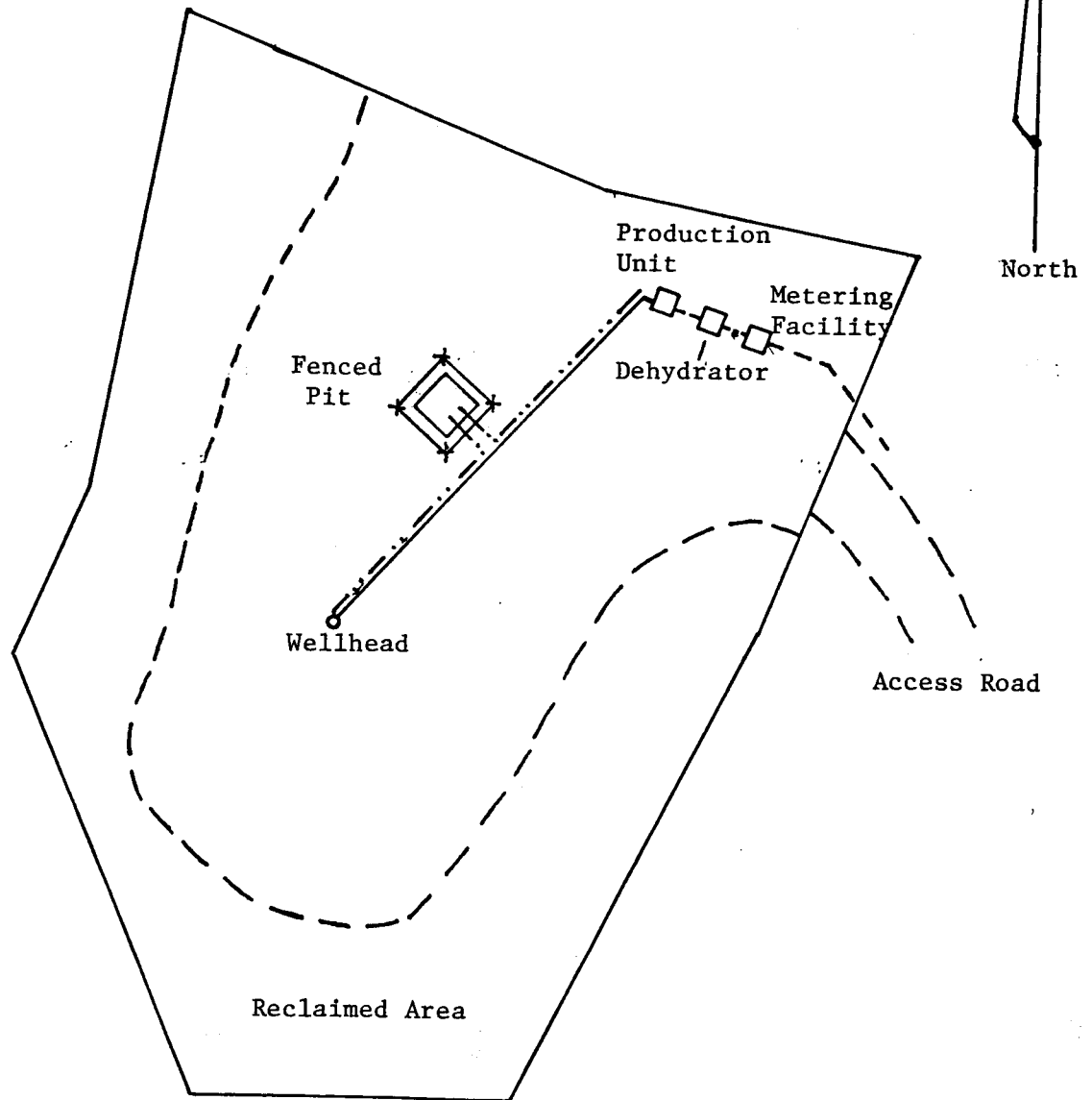
BMG Federal #6

Existing Roads

Exhibit 3
Existing Roads with One Mile
Map Source: Jim Canyon
7.5' USGS Quad



Scale: 1"=50'



- 1) Pit will be 10' x 10' x 6' deep and will be surrounded by fence.
- 2) Sacrificial magnesium anodes will be used, if necessary, to control corrosion.
- 3) All pipelines will be coated and wrapped, then buried.
- 4) A surface mounted high/low safety shutdown system will be installed.
- 5) The separator will be an ASME coded vessel.

Exhibit 6
TXO Production Corp.
BMG Federal #8

PRODUCTION FACILITIES DIAGRAM

PIT & PAD LAYOUT

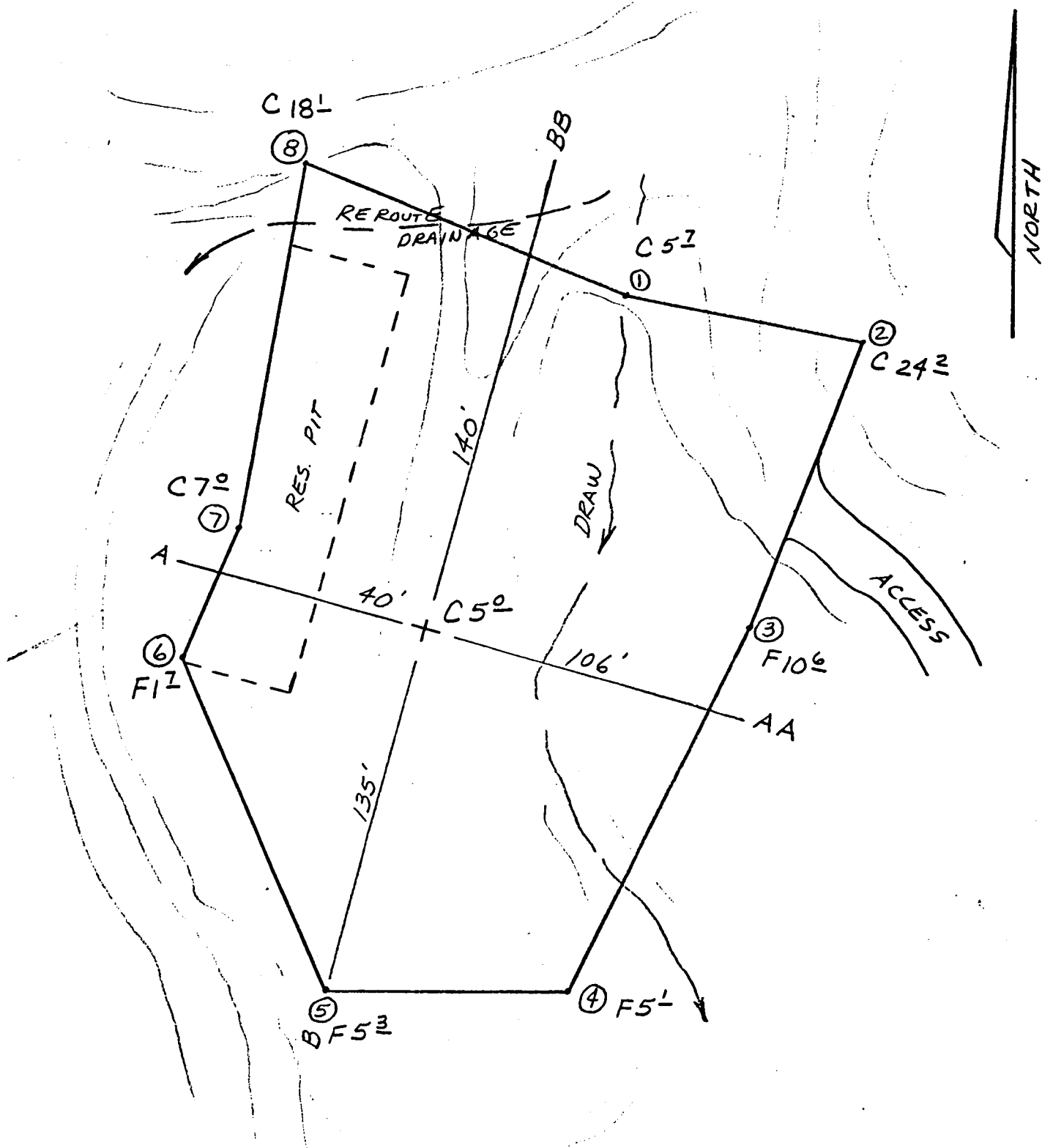


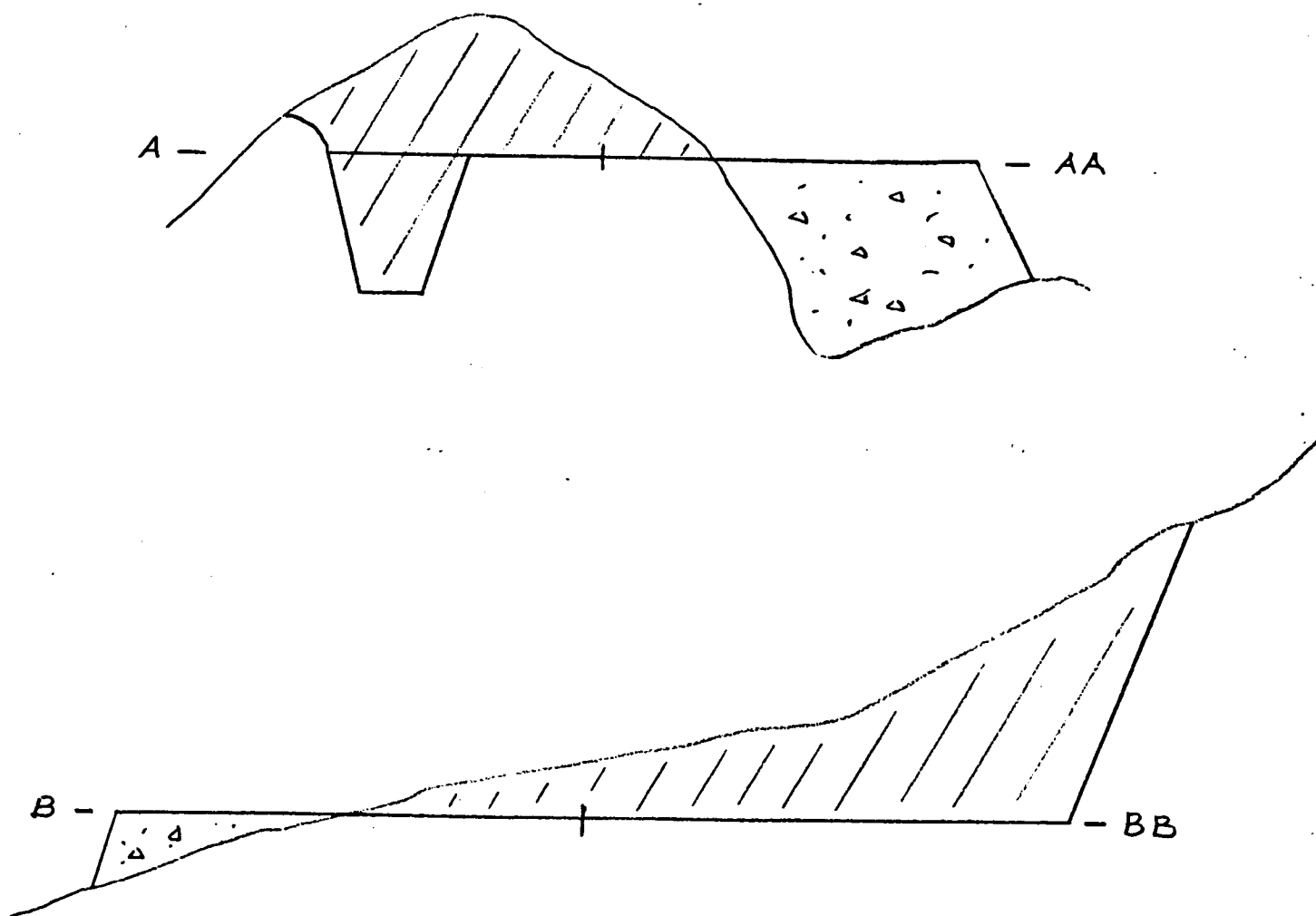
Exhibit 7a
Pit and Pad Lay-out

TXO PRODUCTION CORP.
BMG FEDERAL #8

SCALE
1" = 50'

NCE SURVEYS
DATE: 9-6-85

BMG #8
CROSS-SECTIONS



1" = 10' VERT.
SCALE
1" = 50' HORZ.

ESTIMATED QUANTITIES
CUT 13,000 CU. YDS.
FILL 11,000 CU. YDS.

Exhibit 7b
Cross Sections

NCE SURVEYS

DATE: 9-6-85

2/2

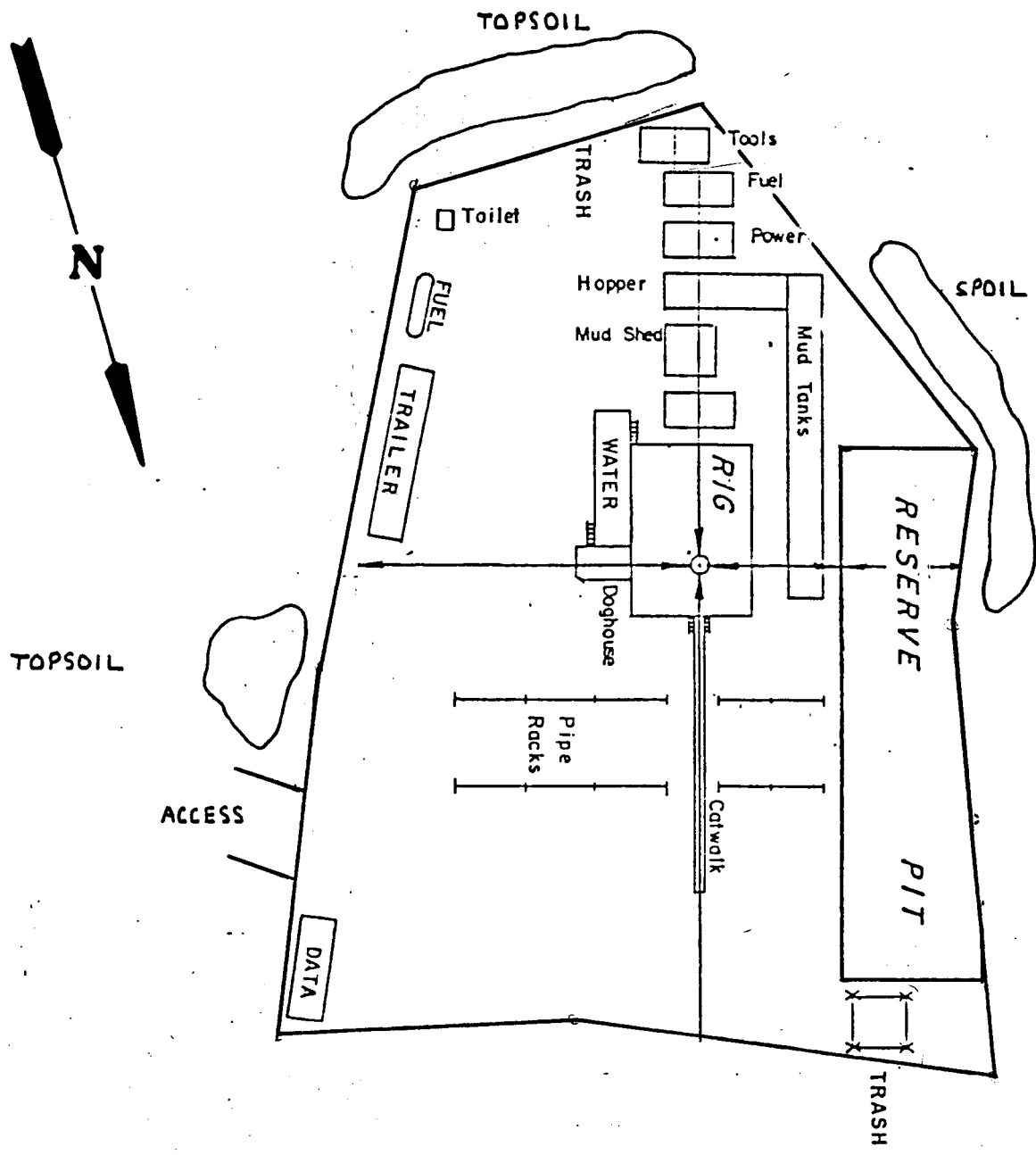


Exhibit 7c
Rig Lay-out

CONFIDENTIAL

090803

OPERATOR TXU Production Corp

DATE 9-19-85

WELL NAME BMG Fed #8

SEC (BHL) SW NW 7 T 16S R 26E COUNTY Grand

43-019-31204
API NUMBER

Fed
TYPE OF LEASE

CHECK OFF:

☒

PLAT

☒

BOND

☒

NEAREST WELL

☒

LEASE

☒

FIELD

☒

POTASH OR
OIL SHALE

PROCESSING COMMENTS:

& under Order 107-1

Need water permit to Colorado

APPROVAL LETTER:

SPACING: ☐ A-3 _____
UNIT

☒ c-3-a 107-1 2/11/65
CAUSE NO. & DATE

☐ c-3-b☐ c-3-c

STIPULATIONS:

1- Water Water source in Colorado.



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

September 23, 1985

TXO Production Corporation
1800 Lincoln Center Building
Denver, Colorado 80264

Attention: Terry L. Blankenship

Gentlemen:

Re: Well No. BMG Federal 8 - (Surf.) NW SW, (BHL) SW NW Sec. 7, T. 16S, R. 26E
(Surf.) 1955' FSL, 1908' FWL, (BHL) 1980' FNL, 1320' FWL
Grand County, Utah

Approval to drill the above-referenced gas well is hereby granted in accordance with the Order of Cause No. 107-1 dated February 11, 1965.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-019-31204.

Sincerely,

R. J. Firth

Associate Director, Oil & Gas

as

Enclosures

cc: Branch of Fluid Minerals

UNITED STATES
DEPARTMENT OF THE INTERIOR
RECEIVED
LAND AND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒ OCT 21 1985 DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL

OIL WELL ☐ GAS WELL ☒ DIVISION OF OIL SINGLE ZONE ☐ MULTIPLE ZONE ☒

2. NAME OF OPERATOR

TXO Production Corp. GAS & MINING
Attn: Terry L.-Blankenship

3. ADDRESS OF OPERATOR

1800 Lincoln Center Bldg., Denver, CO 80264 (303) 861-4246

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1955' FSL, 1908' FWL Section 7-T16S-R26E NESW Sec 7

At proposed prod. zone

1980' FNL, 1320' FWL Section 7-T16S-R26E SWNW Sec 7

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 16.5 miles northwest of Mack, Colorado.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 1908'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

2 240

17. NO. OF ACRES ASSIGNED
TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 2500'

19. PROPOSED DEPTH

5530' TVD

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6529' GR

22. APPROX. DATE WORK WILL START*

Oct. 1, 1985

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	36.0#	300' MD	150 sacks
8 3/4"	7"	20.0#	2200' MD	150 sacks
6 1/4"	4 1/2"	10.5#	5790' MD	150 sacks

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Ronald E. Dashner
Ronald E. Dashner

TITLE Dist. Drilling & Prod'n Mgr.

DATE September 11, 1985

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

APPROVED BY

/s/ James J. Davis

TITLE

Acting DISTRICT MANAGER

DATE 17 OCT 1985

CONDITIONS OF APPROVAL, IF ANY:

FLARING OR VENTING OF
GAS IS SUBJECT OF NTL 4-A
DATED 1/1/80

CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

State of Utah - DDM

TXO Production Corp.
Well No. BMG Federal 8
Sec. 7, T. 16 S., R. 26 E.
Grand County, Utah
Lease U-05015-A

CONDITIONS OF APPROVAL

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Office. If operations are to be suspended, prior approval of the District Office will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the Area Office within a minimum of 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

In accordance with Onshore Order No. 1 this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continued each month until the well is plugged and abandoned. This report will be sent to the District Office, P.O. Box 970, Moab, Utah 84532.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Area Office in accordance with requirements of NTL-3A.

If a replacement rig is needed for completion operations, A Sundry Notice (Form 3160-5) to that effect will be filed for prior approval from the District Office, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations verbal approval to bring on a replacement rig will be approved through the District Office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Moab District Manager.

If the well is to be completed for production the Area Office is to be contacted in order to set up a pre-production conference. When the well is placed in a producing status the District Office is to be notified by telegram or other written communication within five working days.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

No well abandonment operations will be commenced without the prior approval of the District Office. In the case of newly-drilled-dry holes or failures, and in emergency situations, oral approval will be obtained from the District Office. A Subsequent Report of Abandonment (Form 3160-5) will be sent to the District Office within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Office, or the appropriate surface managing agency. Upon completion of approved plugging, a dry hole marker will be erected in accordance with 43 CFR 3162.6. The top of the marker will be closed or capped. The following minimum information will be permanently placed on the marker; "Fed" or "Ind", as applicable, "Lease number", "Well number", location of well by 1/41/4 section, township, and range.

B. SURFACE USE PROGRAM

The operator will contact the Grand Resource Area at (801) 259-8193, forty-eight (48) hours prior to beginning any dirt work on this location.

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance.

The access road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of dismantling of the drilling rig. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

Produced waste water will be confined to a unlined pit.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.

Gas meter runs for each well will be located within five hundred (500) feet of the wellhead. The gas flowline will be buried from the wellhead to the meter along with any other sections occurring on the pad. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three (3) months on new meter installations and at least quarterly thereafter. The Area Manager will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the Resource Area Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

All permanent (onsite for six (6) months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective, earth tone color to match the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within six (6) months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows:

Juniper Green

The operator or his contractor will notify the Grand Resource Area at (801) 259-8193 forty-eight (48) hours before starting reclamation work that involves earthmoving equipment and upon completion of restoration measures.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

The following seed mixture will be used:

<u>Species</u>		<u>lbs/acre</u>
<u>Grasses</u>		
Agropyron spicatum	Bluebunch wheatgrass	2
Oryzopsis hymenoides	Indian ricegrass	2
Agropyron cristatus	Crested wheatgrass (Fairway crested wheatgrass)	1
<u>Forbs</u>		
Melilotus officinalis	Yellow sweetclover	1
Medicago sativa	Alfalfa (Spreador II, Nomad, Ladak)	1
Achillea millefolium	Western Yarrow	1/2
<u>Shrubs</u>		
Purshia tridentata	Antelope bitterbrush	2
Atriplex canescens	Fourwing saltbush (White greasewood)	<u>2</u>
		11.5 lbs/acre

Broadcast seed will be applied at double the above rate.

Final location release will be issued when the seeding is shown to be successful (when perennial vegetation is established).

Your contact with the District Office is:

Greg Noble, Petroleum Engineer Office Phone: (801)259-6111

Home Phone: _____

District Address:

82 East Dogwood, P.O. Box 970
Moab, Utah 84532

Your contact with the Grand Resource Area Office is:

Jeff Robbins Office Phone: (801)259-8193

Home Phone: _____

Area Office Address:

Sand Flats Road, P.O. Box M
Moab, Utah 84532

Cry.

DIVISION OF OIL, GAS AND MINING

SPODDING INFORMATION

API #43-019-31204

NAME OF COMPANY: TXO PRODUCTION CORP.WELL NAME: BMG FEDERAL #8(BHL)
SECTION SW NW 7 TOWNSHIP 16S RANGE 26E COUNTY GrandDRILLING CONTRACTOR VecoRIG # 9SPUDDED: DATE 11-8-85TIME 4:30 PMHow RotaryDRILLING WILL COMMENCE REPORTED BY Matt HoldemanTELEPHONE # (303) 861-4246DATE 11-13-85 SIGNED T. Alexander



TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

RECEIVED

NOV 18 1985

November 13, 1985

**DIVISION OF OIL
GAS & MINING**

STATE OF UTAH
Division of Oil, Gas, & Mining
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

Re: **BMG Federal #8**
Sec. 7-T16S-R26E
Grand County, Utah

Gentlemen:

Please be advised that TXO Production Corp. would appreciate having the above referenced well considered a tight hole effectively immediately.

Enclosed please find Form #9-331 (Sundry Notices and Reports on Wells), in triplicate notifying you of the spudding of the above referenced well.

If you require anything further, please contact me at the above number.

Sincerely,

TXO PRODUCTION CORP.

Matthew C. Holdeman
Petroleum Engineer

MCH/jy

Enclosures/as stated



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

1. oil ☐ well gas ☒ well other ☐
2. NAME OF OPERATOR
TXO Production Corp.
3. ADDRESS OF OPERATOR
1800 Lincoln Center Bldg., Denver, CO 80264
4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 1955' FSL & 1908 FWL
AT TOP PROD. INTERVAL: 1980' FNL & 1320' FWL
AT TOTAL DEPTH: 1873' FNL & 1273' FWL
16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:

- TEST WATER SHUT-OFF ☐
FRACTURE TREAT ☐
SHOOT OR ACIDIZE ☐
REPAIR WELL ☐
PULL OR ALTER CASING ☐
MULTIPLE COMPLETE ☐
CHANGE ZONES ☐
ABANDON* ☐
(other) Spud ☒

SUBSEQUENT REPORT OF:

- ☐
☐
☐
☐
☐
☐
☐
☐
☒
☒

RECEIVED

NOV 18 1985

DIVISION OF OIL

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS ~~GAS & MINING~~ pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.*
TXO Production Corp. spudded the BMG Federal #8 at 4:30 PM on 11/8/85. The spud was made by Ram Air Drilling who will drill a 12-1/4" hole to 300' and set 9-5/8" surface casing. The rotary contractor is Veco Drilling Rig #9 who should move in on 11/16/85. The spud was reported verbally to Tammy with the Utah Division of Oil, Gas, and Mining at 8:40 AM on 11/13/85 and to Carol Freudiger with the BLM in Moab at 8:45 AM on 11/13/85.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED Matthew C. Holdeman TITLE Petroleum Engineer November 13, 1985

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:



TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

December 30, 1985

RECEIVED

JAN 06 1986

STATE OF UTAH
Division of Oil, Gas, & Mining
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

**DIVISION OF OIL
GAS & MINING**

Re: **BMG Federal #8**
Sec. 7-T16S-R26W
Grand County, Utah

Gentlemen:

Enclosed please find Form #9-330 (Well Completion or Recompletion Report and Log) & Form 9-331 (Sundry Notices and Reports on Wells) both in triplicate notifying you of the plugging of the above referenced well. Also enclosed is a copy of the complete well history for the above referenced well.

If you require anything further, please contact me at the above number.

Sincerely,

TXO PRODUCTION CORP.

Matthew C. Holdeman
Petroleum Engineer

MCH/jy
Enclosures/as stated



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

RECEIVED

1. oil well ☐ gas well ☒ other

JAN 06 1986

2. NAME OF OPERATOR
TXO Production Corp.

3. ADDRESS OF OPERATOR
1800 Lincoln Ctr Bldg., Denver, CO 80202

DIVISION OF OIL
GAS & MINING

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 1955' FSL & 1908' FWL
AT TOP PROD. INTERVAL: 3372' FSL & 1282' FWL
AT TOTAL DEPTH: 3402' FSL & 1303' FWL

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF ☐
FRACTURE TREAT ☐
SHOOT OR ACIDIZE ☐
REPAIR WELL ☐
PULL OR ALTER CASING ☐
MULTIPLE COMPLETE ☐
CHANGE ZONES ☐
ABANDON* ☐
(other) ☐

☐
☐
☐
☐
☐
☐
☐
☒

5. LEASE

U-05015A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

BMG Federal

9. WELL NO.

#8

10. FIELD OR WILDCAT NAME

San Arroyo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 7-T16S-R26E

12. COUNTY OR PARISH

Grand

13. STATE

Utah

14. API NO.

43-019-31204

15. ELEVATIONS (SHOW DF, KDB. AND WD)

KB 6542'

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

TXO Production Corp. plugged and abandoned the BMG Federal #8 at 4:00 AM on 12/7/85 (verbal approval obtained from Allen McKee on 12/6/85) as follows: Plug #1 5680-5480' with 40 sxs; Plug #2 2270-2070' with 40 sxs; Plug #3 100' to surface w/ 20 sxs.

COMPLETED

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED Matthew C. Holdeman TITLE Petroleum Engineer DATE December 30, 1985

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____
CONDITIONS OF APPROVAL, IF ANY:

ACCEPTED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 1/6/86
BY: John R. Bay

CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

5

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

5. LEASE DESIGNATION AND SERIAL NO.

U-05015A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

BMG Federal

9. WELL NO.

#8

10. FIELD AND POOL, OR WILDCAT

San Arroyo

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 7-T16S-R26E

12. COUNTY OR PARISH
Grand

13. STATE
Utah

19. ELEV. CASINGHEAD
6529

23. INTERVALS DRILLED BY
ROTARY TOOLS
CABLE TOOLS
All

25. WAS DIRECTIONAL SURVEY MADE
No

27. WAS WELL CORED
No

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36.0#	305	12-1/4	100 sxs 50/50 poz & 50 sxs Class "G"	
7"	20.0#	2169	8-3/4	75 sxs 50/50 poz & 75 sxs Class "G".	

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)
	Dry	

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)	TEST WITNESSED BY

35. LIST OF ATTACHMENTS

Well History

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Matthew C. Hoideman TITLE Petroleum Engineer DATE 12/30/85

*(See Instructions and Spaces for Additional Data on Reverse Side)

260123

RECEIVED

JAN 06 1986

DIVISION OF OIL
GAS & MINING

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES			38. GEOLOGIC MARKERS				
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP	TRUE VERT. DEPTH
				Wasatch	Surface		Surface
				Mesa Verde	400'		400'
				Castlegate	1610'		1575'
				Mancos	1930'		1872'
				Mancos "B"	2489'		2386'
				Base Mancos "B"	3297'		3110'
				Dakota Silt	5531'		5217'
				Dakota	5576'		5262'
				Buckhorn	5744'		5428'
				Morrison	5770'		5454'

EXPRESS MAIL ROUTING SLIP

PAM

TAMI

1-13 9:45 AA

VICKY

VC 10:28

CLAUDIA

Cj 11:16

STEPHANE

1-13 11:47

CHARLES

cp 1-13 11:52

RULA

Rm 1/13 11:59

MARY ALICE

MAP 1/13 12:20

CONNIE

CD 1-13 257

MILLIE

ms

PAM

CD 1-14 235



TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

September 12, 1985

RECEIVED

SEP 16 1985

**DIVISION OF OIL
GAS & MINING**

State of Utah
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

Re: BMG Federal #8
Section 7-T16S-R26E
Grand County, Utah

Gentlemen:

Enclosed please find three copies of our Application for Permit to Drill for the above referenced well and one copy of the Drilling and Surface Use Plan for your convenience. Please keep all information regarding this well **CONFIDENTIAL**.

If you have any questions please contact me at this office.

Very truly yours,

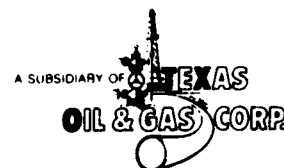
TXO PRODUCTION CORP.

A handwritten signature in cursive script that reads 'Terry Blankenship'.

Terry L. Blankenship
Environmental Scientist

TLB/gbp

Enclosures





TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

RECEIVED

NOV 18 1985

November 13, 1985

**DIVISION OF OIL
GAS & MINING**

STATE OF UTAH
Division of Oil, Gas, & Mining
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

Re: **BMG Federal #8**
Sec. 7-T16S-R26E
Grand County, Utah

Gentlemen:

Please be advised that TXO Production Corp. would appreciate having the above referenced well considered a tight hole effectively immediately.

Enclosed please find Form #9-331 (Sundry Notices and Reports on Wells), in triplicate notifying you of the spudding of the above referenced well.

If you require anything further, please contact me at the above number.

Sincerely,

TXO PRODUCTION CORP.

Matthew C. Holdeman
Petroleum Engineer

MCH/jy

Enclosures/as stated

